



DRAFT MINUTES

LAFCO REGULAR MEETING

Wednesday, April 12, 2006, 9:00 a.m.

**Planning Commission Hearing Room, Hall of Administration
10 Civic Center Plaza, Santa Ana, CA**

(Any member of the public may request to speak on any agenda item at the time that item is being considered by the Commission.)

1. CALL TO ORDER

Chair Robert Bouer called the regular meeting of the Local Agency Formation Commission (LAFCO) to order at 9:01 a.m.

2. PLEDGE OF ALLEGIANCE

Commissioner Arlene Schafer led the pledge of allegiance.

3. ROLL CALL

The following commissioners and alternates were present:

- **Commissioner Robert Bouer**
- **Commissioner Bill Campbell**
- **Commissioner Peter Herzog**
- **Commissioner Arlene Schafer**
- **Commissioner John Withers**
- **Alternate Commissioner Rhonda McCune**

The following LAFCO staff members were present:

- Legal Counsel Clark Alsop
- Executive Officer Joyce Crosthwaite
- Assistant Executive Officer Bob Aldrich
- Project Manager Kim Koeppen
- Project Manager Carolyn Emery
- Communications Analyst Danielle Ball
- Administrative Assistant Daphne Charles

4. APPROVAL OF MINUTES

a.) March 8, 2006 – Regular Commission Meeting

MOTION: Approve minutes from March 8, 2006 as presented and without revision (John Withers)

SECOND: Arlene Schafer

FOR: Robert Bouer, Bill Campbell, Peter Herzog, Rhonda McCune, Arlene Schafer, John Withers

AGAINST: None

ABSTAIN: None

MOTION PASSED

5. PUBLIC COMMENT

Chair Bouer requested public comments on any non-agenda item. Receiving no comments, he closed the public comment agenda item.

6. CONSENT CALENDAR

None

7. PUBLIC HEARING

a.) Irvine Ranch Water District/Santiago County Water District
Reorganization (RO 06-04)

b.) Adoption of Proposed LAFCO Budget for Fiscal Year 2006-2007

**7a. Irvine Ranch Water District/Santiago County Water District
Reorganization (RO 06-04)**

Commissioner Withers explained that, while he could legally participate in the public hearing for item “7a,” he decided to recuse himself from the proceedings since he is a member of Irvine Ranch Water District’s Board of Directors. He left the hearing room.

Project Manager Koeppen presented the staff report for the Irvine Ranch Water District/Santiago County Water District Reorganization (RO 06-04), a proposal to consolidate the Irvine Ranch Water District (IRWD) and Santiago County Water District (SCWD) and name IRWD the single successor agency. She indicated that the proposal additionally called for the creation of improvement districts for water and sewer and amendment of the Orange County Sanitation District’s sphere of influence.

Ms. Koeppen explained that the consolidation proposal was the successful result of LAFCO's staff Municipal Service Review (MSR) Program. She explained that both districts had adopted resolutions in support of the proposal and jointly developed mutually beneficial terms for the consolidation agreement. She added that benefits of the district consolidation include reduced operational and administrative expenses, as well as an immediate 20 percent rate reduction to SCWD customers upon consolidation.

Commissioner Campbell reiterated that the consolidation discussions were an outgrowth of LAFCO's MSR Program. He applauded both districts' Boards of Directors for promoting the ratepayers' best interests.

Chair Bouer opened the public hearing.

Darryl Miller, an IRWD Board member, listed additional consolidation benefits, including a more reliable and diverse water supply, improved emergency response, and employee integration and cross-training. He explained that IRWD would employ a management advisory committee consisting of SCWD's existing Board of Directors to ensure that SCWD's customers and specific canyon issues receive adequate representation after the consolidation. He thanked Executive Officer Crosthwaite and Project Manager Koeppen for their stewardship and support.

Jim Carter, President of SCWD's Board of Directors, said that negotiations between the two districts, which took place over two years, resulted in fair and equitable terms to the consolidation. He explained that SCWD utilized an advisory board comprised of 40 SCWD customers during consolidation discussions, which voted unanimously in support of consolidation with IRWD by the close of its third meeting. He, too, thanked LAFCO staff.

Commissioner Herzog stated that SCWD's Board of Directors demonstrated tremendous leadership to its constituency in advocating the community's best interests over their own personal interests.

Receiving no additional comments, **Chair Bouer** closed the public hearing.

MOTION:	Approve staff recommendations for the IRWD/SCWD Reorganization (RO 06-04), including approval of the district consolidation and related sphere of influence amendments (Bill Campbell)
SECOND:	Peter Herzog
FOR:	Robert Bouer, Bill Campbell, Peter Herzog, Rhonda McCune, Arlene Schafer
AGAINST:	None

ABSTAIN: John Withers
MOTION PASSED

Commissioner Schafer extended her congratulations to LAFCO staff and the two districts, adding that the consolidation was a fine example of how good government should work.

Commissioner Withers reentered the Commission meeting.

7b. Adoption of Proposed LAFCO Budget for Fiscal Year 2006-2007

Assistant Executive Officer Aldrich presented the proposed LAFCO budget for Fiscal Year (FY) 2006-2007. He explained that the proposed budget was consistent with the three-year budget adopted by the Commission in 2005.

Mr. Aldrich explained that 96 percent of the Commission's revenues are derived from its funding agencies, as LAFCO is most often the project "applicant" (e.g., municipal service reviews and sphere of influence updates), which precludes staff from charging project fees. He also said that the cities and special districts had developed their own formulas for dividing the LAFCO funding allocations amongst the agencies. He indicated that the 2006-2007 funding allocation weighed disproportionately on two special districts and said that staff would work with ISDOC to make the allocations more equitable.

Responding to a question posed by **Commissioner Schafer**, Mr. Aldrich assured the Commission that its adoption of the proposed budget would not preclude staff from resolving the funding inequities with the special districts.

Chair Bouer opened the public hearing on agenda item "7b." Receiving no response, he closed the public hearing without any comments from the public.

MOTION: Adopt the LAFCO draft budget for FY 2006-2007 and related staff recommendations (Peter Herzog)
SECOND: Bill Campbell
FOR: Robert Bouer, Bill Campbell, Peter Herzog, Rhonda McCune, Arlene Schafer, John Withers
AGAINST: None
ABSTAIN: None
MOTION PASSED

8. COMMISSION DISCUSSION

a.) Sullivan Annexation to the Orange County Sanitation District (DA 05-16)

b.) Regional Housing Needs Assessment (RHNA) Allocation Discussion

8a. Sullivan Annexation to the Orange County Sanitation District (DA 05-16)

Project Manager Koeppen presented the staff report for the Sullivan Annexation to the Orange County Sanitation District (DA 05-16). She explained that the annexation proposal originally included eight property owners in the unincorporated community of Orange Park Acres and that all but one of the property owners required out-of-area agreements (OAAs) with the City of Orange prior to annexation to the Orange County Sanitation District (OCSD). She stated that long delays caused staff to modify the original annexation application to apply only to the two property owners immediately ready for annexation to OCSD.

Ms. Koeppen went on to explain the difficulties associated with OAAs, highlighting a letter submitted by the City of Orange. She stated that, with the Commission's permission, staff would facilitate discussions between OCSD and the City of Orange, as well as assemble an advisory committee related to county sewer conversion. She added that recommendations to that effect were included in the staff report.

Commissioner McCune commented regarding the benefits of a blanket annexation of Orange Park Acres (OPA) over piece-meal annexations by individual property owners. Ms. Koeppen stated that OCSD was developing a blanket annexation application for OPA.

Commissioner Campbell acknowledged **Commissioner McCune's** comments. He said, as OPA's Board of Supervisor's representative, he understood the residents' concerns. He said he was happy to have LAFCO staff involved in finding a solution.

Commissioner Herzog asked the status of general out-of-area agreements for OPA. Ms. Koeppen responded that staff had received three prototype OAAs from the City of Orange, which were under review by legal counsel. She explained that, due to the complicated nature of sewer connections in the community, the City of Orange felt it necessary to have more than one option to choose from when working with the affected residents and OCSD regarding sewer service provision.

Jim Burror, Senior Engineer from OCSD, indicated that the district supports a blanket annexation and has included the entire area in its Master Plan for sewer service. He said that the district was waiting for the completion of an environmental review.

Executive Officer Crosthwaite asked Mr. Burror if OCSD had adopted its updated Master Plan for sewer service. He indicated that it had not yet done so. When asked if OCSD would initiate the blanket annexation, Mr. Burror answered that it would.

MOTION: Approve the Sullivan Annexation to OCSD (DA 05-16) subject to the terms and conditions outlined in the staff report (Peter Herzog)
SECOND: Rhonda McCune
FOR: Robert Bouer, Bill Campbell, Peter Herzog, Rhonda McCune, Arlene Schafer, John Withers
AGAINST: None
ABSTAIN: None
MOTION PASSED

8b. Regional Housing Needs Assessment (RHNA) Allocation Discussion

Executive Officer Crosthwaite explained that Tim Neely, Director of Planning & Development Services for the County's Resources & Development Management Department, was unavailable to discuss issues associated with the State's Regional Housing Needs Assessment (RHNA) program and sent someone in his stead. She introduced John Douglas, a County consultant, who provided the Commission reference materials and an overview of how the RHNA program operates in Orange County and throughout the state. At the conclusion of his presentation, he answered questions posed by the Commission.

Commissioner Withers asked if most jurisdictions were in compliance with the RHNA program. Mr. Douglas responded that, while most have done an affordable housing inventory, there is typically a shortage of land relative to need.

Commissioner McCune commented that many older, built-out cities already have low-income housing and sometimes consider the assignment of additional housing units inequitable. Mr. Douglas concurred, adding that the issue has been at the center of many lawsuits throughout the state.

Executive Officer Crosthwaite explained that there is no automatic adjustment of RHNA allocations between the County and a given city when unincorporated territory is annexed. She indicated that the Commission once had a policy that made annexations contingent upon a negotiated RHNA transfer agreement between the city and County but found that the policy curtailed many city annexation efforts and rescinded it.

9. COMMISSIONER COMMENTS

Chair Bouer opened the floor for comments.

Commissioner Herzog verified the Commission's June meeting date as June 7, 2006.

Receiving no additional comments, **Chair Bouer** closed commissioner comments.

10. INFORMATIONAL ITEMS & ANNOUNCEMENTS

None

11. CLOSED SESSION

None

12. ADJOURNMENT

Chair Bouer adjourned the meeting at 10:02 a.m.

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JOYCE CROSTHWAITE

Executive Officer

Orange County Local Agency Formation Commission

By: _____

Danielle M. Ball

Communications Analyst/Commission Clerk